

MORRISON & FOERSTER LLP
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*Proposed Special Regulatory Counsel for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**DECLARATION OF JOSHUA HILL, JR.
IN SUPPORT OF APPLICATION OF
DEBTORS PURSUANT TO 11 U.S.C. §
327(A) AND FED. R. BANKR. P. 2014(A)
AND 2016 FOR AUTHORITY TO
RETAIN AND EMPLOY MORRISON &
FOERSTER LLP AS SPECIAL
REGULATORY COUNSEL FOR THE
DEBTORS EFFECTIVE AS OF THE
PETITION DATE**

Date: June 12, 2019

Time: 9:30 a.m. (Pacific Time)

Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

Objection Deadline: June 5, 2019
4:00 p.m. (Pacific Time)

1 I, Joshua Hill, Jr., pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief,
2 and after reasonable inquiry, declare as follows:

3 I am a partner in the law firm of Morrison & Foerster LLP (“**Morrison & Foerster**” or
4 the “**Firm**”), with offices at 425 Market Street, San Francisco, CA 94105, among other locations,
5 and I am duly authorized to make this declaration (the “**Declaration**”) on behalf of Morrison &
6 Foerster. I am an attorney duly admitted and in good standing to practice before the Courts of the
7 States of California, New York, and Texas; the United States District Courts for the Eastern
8 District of New York and the Northern District of California; and the United States Court of
9 Appeals for the Ninth Circuit. There are no disciplinary proceedings pending against me.

10 This Declaration is submitted pursuant to section 327(e) of Title 11 of the United States
11 Code (the “**Bankruptcy Code**”) and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy
12 Procedure (the “**Bankruptcy Rules**”) and the Local Bankruptcy Rules of the United States
13 Bankruptcy Court for the Northern District of California (the “**Local Bankruptcy Rules**”) in
14 support of the *Application of Debtors Pursuant to 11 U.S.C. § 327(e) and Fed. R. Bankr. P.*
15 *2014(a) and 2016 for Authority to Retain and Employ Morrison & Foerster LLP as Special*
16 *Regulatory Counsel for the Debtors Effective as of the Petition Date* (the “**Application**”),¹ filed
17 contemporaneously herewith.

18 **SERVICES TO BE PROVIDED**

19 Morrison & Foerster is a global law firm employing more than 1,000 attorneys across 17
20 offices world-wide. Since early 2018, Morrison & Foerster has served as regulatory defense
21 counsel to the Debtors, and has provided the Debtors with legal advice concerning certain
22 ongoing governmental investigations (collectively, the “**Special Counsel Matters**”), including
23 the California Public Utility Commission’s (“**CPUC**”) investigation into the Debtors’
24 involvement with recent wildfires in Northern California. As a result of its prepetition
25 representation of the Debtors, Morrison & Foerster has acquired familiarity with the Debtors’
26

27 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed
28 to them in the Application.

1 operations generally, as well as in-depth knowledge of the facts and circumstances specific to the
2 Special Counsel Matters. The Firm has extensive experience in and knowledge of the energy
3 industry, as well as recognized expertise in the field of regulatory defense, criminal
4 investigations, and litigation involving state and federal government entities. The professionals
5 who will be primarily responsible for this engagement have advised clients with respect to
6 regulatory compliance, managing investigations and related litigation, and risk assessment.

7 In connection with these Chapter 11 Cases, the Debtors have requested that Morrison &
8 Foerster provide a range of services in connection with the Special Counsel Matters, including,
9 but not limited to, the following:

- 10 a. advising and representing the Debtors generally in connection with
11 ongoing investigations conducted by the Safety and Enforcement
12 Division of the CPUC (“**SED**”), including by performing legal and
13 factual due diligence, analyzing documents, conducting interviews,
14 and formulating responses to inquiries received from CPUC
(including the following data requests issued by the SED: Camp Fire
SED-001 through SED-006; North Bay Fire SED-006 and SED-007;
and other miscellaneous data requests);
- 15 b. formulating strategy in advance of and preparing on behalf of the
16 Debtors necessary motions, applications, objections, and other
17 filings in any Orders Instituting Investigation commenced by the
SED relating to alleged violations of state laws and regulations in
connection with the 2017 and 2018 wildfires;
- 18 c. advising and representing the Debtors generally in connection with
19 any Notices of Violation or Electric Safety Citations, pursuant to
20 CPUC Resolution ALJ-274, commenced by the SED relating to
alleged violations of state laws and regulations in connection with
the 2017 and 2018 wildfires;
- 21 d. negotiating with the SED and other regulatory bodies, as
appropriate;
- 22 e. advising and representing the Utility regarding its rights and
23 obligations under its Transportation Services Agreements with Ruby
Pipeline, L.L.C.; and
- 24 f. performing all other necessary legal services in connection with the
25 foregoing.

PROFESSIONAL COMPENSATION

26 As of the date of execution of this Declaration, the ranges of Morrison & Foerster’s
27 standard hourly rates are as follows:
28

- a. the hourly rates for partners range from \$925 per hour to \$1,500 per hour, based upon a variety of factors, including seniority, distinction, and expertise in one's field;
- b. the hourly rates for "of counsel" and "senior of counsel" range from \$750 per hour to \$1,380 per hour;
- c. the hourly rates for attorneys and associates range from \$510 per hour to \$850 per hour; and
- d. the hourly rates for paraprofessionals range from \$255 per hour to \$460 per hour.

In connection with the competitive RFP process through which Morrison & Foerster was selected to represent the Debtors with respect to the Special Counsel Matters, the Debtors negotiated certain billing rate and volume discounts from the standard rates set forth above, as reflected in the engagement letter attached as **Exhibit A** hereto. Morrison & Foerster's hourly rates are subject to periodic adjustments to reflect economic and other conditions. Any such adjustments will be reflected in Morrison & Foerster's fee requests. There are no alternative fee arrangements from customary billing. Further, no professional varies his or her rate based on geographic location.

It is Morrison & Foerster's policy to charge its clients in all areas of practice for out-of-pocket expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, mail and express mail, special or hand delivery, outgoing facsimiles, photocopying, scanning and/or printing, computer assisted research (which shall not be more than the actual cost incurred by Morrison & Foerster in performing such research), travel, "working meals," transcription, as well as non-ordinary overhead expenses such as secretarial and other overtime. Morrison & Foerster will charge for these expenses in a manner and at rates consistent with charges made generally to its other clients.

DISINTERESTEDNESS AND DISCLOSURE OF CONNECTIONS

In order to ascertain Morrison & Foerster's "connections," as that term is used in Bankruptcy Rule 2014, with the Debtors, the Debtors' creditors, and other parties-in-interest in these Chapter 11 Cases, the Firm's New Business Department, under the supervision of Morrison & Foerster attorneys, conducted an internal search to identify any "connections" with any

creditors and parties-in-interest as of the Petition Date based on a list provided to Morrison & Foerster by the Debtors' lead bankruptcy counsel (collectively, the "**Interested Parties**"). This internal inquiry regarding the Interested Parties was performed by Morrison and Foerster's New Business Department using Morrison & Foerster's conflict database to determine if Morrison & Foerster currently represents or formerly represented any of the Interested Parties within the past two years, and if so, whether such representation involved the Special Counsel Matters. Attached as **Schedule 1** hereto is a list of the categories of Interested Parties that Morrison & Foerster has searched to date.

Morrison & Foerster searched the names of the Interested Parties in a computer system containing the names of current and former clients of Morrison & Foerster. This search revealed that certain Interested Parties are or may be current clients of Morrison & Foerster, or may have been former clients of Morrison & Foerster within the past two years, as identified on the list attached to this Declaration as **Schedule 2**.

Based on the results of this search, and through direct inquiries with Morrison & Foerster attorneys as necessary, it was determined that the representation of the Interested Parties disclosed on **Schedule 2** hereto concerned matters unrelated to the Special Counsel Matters.

The status of entities identified as Interested Parties by the Debtors may have changed or could change during the pendency of the Chapter 11 Cases without Morrison & Foerster's knowledge. Morrison & Foerster will periodically review its files during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new or relevant facts or relationships are discovered or arise, Morrison & Foerster will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a).

Morrison & Foerster does not hold or represent any interest adverse to the Debtors' estates and, except as disclosed on **Schedule 2**, does not have any "connections" to the Debtors' creditors, affiliates, other parties-in-interest and potential parties-in-interest, the Office of the United States Trustee for Region 17 and attorneys employed by such office, or any judge in the United States Bankruptcy Court for the Northern District of California.

1 As specifically set forth below and in the attached Schedules, Morrison & Foerster
2 represents or has represented certain Interested Parties in matters unrelated to the Special Counsel
3 Matters.

4 As part of its customary practice, Morrison & Foerster is retained in cases, proceedings,
5 and transactions involving many different parties throughout the United States and worldwide,
6 some of whom may represent or be employed by the Debtors, claimants, and parties-in-interest in
7 these chapter 11 cases.

8 Pursuant to section 327(e) of the Bankruptcy Code, Morrison & Foerster is not
9 disqualified from acting as the Debtors' special regulatory counsel merely because it previously
10 represented or currently represents the Debtors' creditors, or other parties in interest in matters
11 unrelated to the Special Counsel Matters. Such parties are identified in **Schedule 2** to this
12 Declaration. To the extent they are significant in the context of these chapter 11 cases and
13 involved work performed within the last two years, Morrison & Foerster's relationships with
14 certain of those parties are described in further detail below.

15 Susan Mac Cormac, a corporate partner in Morrison & Foerster's San Francisco office,
16 previously participated in public forums hosted by CPUC relating to the Debtors' corporate
17 governance. Her participation in these public forums has concluded. Ms. Mac Cormac was not
18 compensated for her participation in these public forums, nor was the Firm engaged by CPUC to
19 provide legal services. Morrison & Foerster does not believe this poses a conflict of interest, and
20 only notes this connection in the spirit of full disclosure.

21 For fiscal year 2018, of the Interested Parties searched, Bank of America, N.A. and
22 McKinsey & Co. accounted for more than 1% of the value of the time billed to client matters by
23 Morrison & Foerster. Morrison & Foerster represents these entities in matters unrelated to the
24 Special Counsel Matters.

25 Attorneys in Morrison & Foerster's Business Restructuring and Insolvency Group
26 ("BRIG"), principally located in the Firm's New York office, represent certain parties in relation
27 to the Debtors, including investors in the Debtors' capital structure, power supply contract
28 counterparties, and co-investors in power projects. None of these parties accounted for more than

1 1% of the value of the time billed to clients by Morrison & Foerster in fiscal year 2018. Further,
2 the Debtors are aware of these representations, and have agreed to waive any potential conflict
3 associated with those representations.

4 BRIG attorneys have also been engaged by United Parcel Service (“UPS”) to monitor the
5 Debtors’ bankruptcy cases generally and, if necessary, file a proof of claim on UPS’ behalf. UPS
6 accounted for more than 1% of the value of the time billed to clients by Morrison & Foerster in
7 fiscal year 2018. The Debtors are aware of Morrison & Foerster’s representation of UPS, and
8 have agreed to waive any potential conflict associated with this representation. However,
9 Morrison & Foerster will not represent UPS in any litigation against the Debtors.

10 Morrison & Foerster has implemented informational and ethical walls to screen attorneys
11 representing the Debtors from BRIG attorneys providing services to these other clients. These
12 walls have been established in accordance with Morrison & Foerster’s customary practices and
13 procedures, and will prevent BRIG attorneys providing services to the clients identified herein
14 from accessing documents and other information relating to the Special Counsel Matters, and vice
15 versa. For the avoidance of doubt, none of the Morrison & Foerster attorneys representing the
16 Debtors with respect to the Special Counsel Matters will be representing any of these other clients
17 in connection with the Chapter 11 Cases.

18 Morrison & Foerster will not represent the Debtors in any adversary proceeding, contested
19 matters, or other litigation against any current client of Morrison & Foerster without obtaining
20 waivers where necessary or appropriate. Morrison & Foerster will notify the United States
21 Trustee of any waivers it receives during the pendency of the Debtors’ bankruptcy cases. If any
22 matters arise with respect to which Morrison & Foerster cannot obtain a necessary waiver, the
23 Debtors will utilize other counsel to represent the interests and act on behalf of the Debtors.

24 **STATEMENT REGARDING U.S. TRUSTEE GUIDELINES**

25 Morrison & Foerster intends to apply for compensation for professional services rendered
26 in connection with these Chapter 11 cases subject to the approval of this Court and in compliance
27 with applicable provisions of the Bankruptcy Code, Federal and Local Bankruptcy Rules, and
28 Orders of the Court entered in these cases concerning compensation of professionals, on an

hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by the firm. Morrison & Foerster has not been paid any retainer against which to bill fees and expenses.

The following is provided in response to the request for additional information set forth in ¶ D.1 of the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases (the “**Revised Guidelines**”):

Question: Did you agree to any variations from, or alternatives to, your standard or customary billing arrangements for this engagement?

Response: As part of the competitive RFP process through which Morrison & Foerster was selected to represent the Debtors with respect to the Special Counsel Matters, the Debtors negotiated billing rate and volume discounts from the Firm’s standard hourly rates, as reflected in the engagement letter attached as **Exhibit A** hereto.

Question: Do any of the professionals included in this engagement vary their rate based on the geographic location of the bankruptcy case?

Response: No.

Question: If you represented the client in the twelve (12) months prepetition, disclose your billing rates and material financial terms for the prepetition engagement, including any adjustments during the 12 months prepetition. If your billing rates and material financial terms have changed postpetition, explain the difference and the reasons for the difference.

Response: Morrison & Foerster represented the Debtors for approximately 12 months prior to the Petition Date. Morrison & Foerster’s customary billing rates at the beginning of the engagement were \$725 to \$1,400 for partners and counsel, \$460 to \$835 for associates, and \$230 to \$440 for paraprofessionals. In January 2019, Morrison & Foerster adjusted its standard billing rates for attorneys and paralegals in the ordinary course. Morrison & Foerster’s billing rates have not changed since the Petition Date.

Question: Has your client approved your prospective budget and staffing plan, and, if so, for what budget period?

Response: Morrison & Foerster is developing a budget and staffing plan for these Chapter 11 Cases.

Morrison & Foerster intends to make a reasonable effort to comply with the U.S. Trustee’s requests for information and additional disclosures as set forth in the Appendix B of the Revised Guidelines, both in connection with the Application and the interim and final fee application to be filed by Morrison & Foerster in these Chapter 11 Cases.

1 No promises have been received by Morrison & Foerster nor any partner, counsel, or
2 associate thereof as to compensation in connection with this case other than in accordance with
3 the provisions of the Bankruptcy Code.

4 No agreement exists, nor will any be made, to share any compensation received by
5 Morrison & Foerster for its services with any other person or firm.

6 Morrison & Foerster will abide by the terms of any administrative order establishing
7 procedures for professional compensation and reimbursement entered in these cases.

8 I hereby declare under the penalty of perjury that the foregoing is true and correct.

9
10 Executed on May 22, 2019

/s/ Joshua Hill, Jr.

Joshua Hill, Jr.